



# Stephen Becsi on Safeguarding Regional Aged Care

[Devon] Hello and welcome to the Care Exchange podcast. Today I'm joined by Stephen Becsi. Our guest is Stephen, CEO of Apollo Care, an organization founded in 2017 to safeguard regional aged care communities struggling in one of the toughest operational environments the sector has ever seen. Apollo Care became operational in 2020 and since then Stephen has built a reputation as a system builder and innovation advocate, leveraging scale, technology, governance and culture to challenge aged care norms. He's a regular speaker at national forums like the Aged Care Leadership Forum and later this month he'll be talking Australia's story to the world stage at the 2025 Care Expo in Taipei. Welcome Stephen.

[Stephen] Thank you.

[Devon] Stephen, for those who don't know Apollo Care, what makes your approach to aged care different from the traditional providers most people are familiar with?

[Stephen] Well let's start with a real good question, hey? It's multifaceted. There are multiple things that need to happen if you're going to make a successful business in aged care and especially in the regions. We've got a structure that is different to most organizations. We're a private operator. The approved provider is private so we can raise capital, but we manage a family of not-for-profit providers, so all our independent sites were organizations in their own right that have come together at scale. We have technology. We started in 2020 in COVID. We couldn't get to site. Everything is in the cloud so we're SaaS based, cloud-based, all new systems. There is no legacy and that is an advantage for what we need to do going forward. We have



no head office. We don't depreciate any big buildings in capital cities, so we don't have the expenses of depreciation, so we're virtual. Preservation of brand. We don't promote Apollo Care. What we do promote is the individual organizations that join the alliance. That's what counts. It's local that counts. Our governance structures. Once an alliance member joins our alliance, we keep the original constitution. We keep members from the local community on the boards. That is unique. That normally doesn't happen in a mergers and acquisitions play where the bigger organization takes over everything and the old constitution dies. We manage culture through IT and psychology which is unusual, and all of these different facets all come together to make something different.

[Devon] Awesome and we've spoken a little bit just before this one about Apollo Care helping regional facilities. Can you tell me a little bit about that?

[Stephen] Well, if we look at the last five, six years or so, we've seen a lot of regional facilities basically close down and that there's a whole bunch of dynamics as to why that is happening. For us, the first few facilities that joined the alliance were in sanction and they didn't have the wherewithal to be able to manage out, so we assisted there. There was a second phase where facilities were in financial difficulties heading towards insolvency and obviously with the strength of a group, we were able to get over that little mountain. Then there was a third wave where we had facilities join and it wasn't because they couldn't meet the compliance or weren't financial, they were, but the directors in the regions were uncomfortable with the higher level of governance requirements so they thought it was in the best interest of the organisation to move into a bigger alliance with scale. We were able to take on those governance issues. I think there's a fourth wave coming 1st of November when we go to the new Act. There's a whole new range of compliance, you know, new strengthened standards, new requirements of the Act that may be just too big and regional providers won't have the bandwidth with, you know, say one CEO operating and having to cover everything in the future.



[Devon] Yeah, that makes sense. You described the PolarCode model as decentralised and empowering for local managers. Can you speak to what that means in practice?

[Stephen] Yes. Now, this is an interesting one. In order to keep that regional focus, that community focus, the site managers were, before they joined the Alliance, the CEOs. And we've tried to keep that going. So, what we've done is we've empowered site managers with all the information they need to make the right decisions to run the business. So, it's not a case of head office or a head office with a thou shalt attitude and pushing policies and procedures down. There are policies and procedures in place, but the RSMs at site are mini-CEOs. They have higher delegations of authority and can make decisions on the spot in order to run their business. But in order to do that, they need the right information at their hands that is online real time. And that's what we've been able to do.

[Devon] Yeah, so you speak about, like, giving them the information they need to make those decisions. Can you tell us a little bit about the Operations Insight Suite?

[Stephen] Okay, the Operations Insight Suite is a very special portal that has been created. We don't manage a site by the ultimate KPI, which is EBITDA. What we do is we manage a series of KPIs, and we expect our RSMs to manage those KPIs, which we've sectioned off against balanced scorecard. So, we've looked at customer. We've looked at systems. We've looked at processes. We've looked at our staff, and we've looked at finances. And under each of those lenses, there are certain KPIs. The OIS, the Operational Insight Suite, brings together all the data from all our systems in the cloud into one spot and then organizes that data so that the RSMs get to see how they're tracking, against each one of the KPIs we need to manage. And at the amalgam, if you add all those KPIs up, and they're all doing well, you will ultimately find that you should hit an EBITDA that keeps the organization viable and sustainable.

[Devon] Awesome. And you've spoken a little bit about how Apollo Care replaces that sort of traditional head office sort of situation, and how the Operations Insight Suite



can help those RSMs and local management make those decisions. I've also heard you refer to. Yeah. The model is like an IGA in reverse, where you're keeping that local branding and the culture. Can you speak to me a little bit about that?

[Stephen] Well, yes. And that's probably the true essence of where Apollo Care is different. When you looked at the shopping or retail industries 50 years ago, there wasn't the big scale. There wasn't the Woolies, and there wasn't the Coles. There were lots of little milk bars everywhere. That's the way, you know, it used to operate. And then we deregulated. And with deregulation, you saw scale happen. So, you saw the bigger providers come in and be able to provide to the customer what they wanted, which was a lot of variety and cheap prices. Well, IGA took that concept where they had the independent grocers, and what they did was they combined those independent grocers into a virtual Coles or Woolies. So you had the scale, but they were community-based. But IGA, IGA promotes IGA. We've taken the concept of these individual communities coming together to act as if they've got scale. So, we have the might of the finances and the governance behind us, but we preserve the community. And the best way to preserve community is to brand locally. So, we have directors on the boards. We don't promote Apollo Care. We promote the individual communities. And that's what the business is about, because at the end of the day, regional Australia is about their community and their town. If that facility shuts down, you might have to go hundreds of kilometres to the next facility. That doesn't apply in metro. It does in regional.

[Devon] Yeah, yeah, of course. And using that same analogy with the IGA and like those local grocers, what are the long-term risks for those standalone providers operating without the scale? And how's Apollo Care's model actually responds to those gaps?

[Stephen] Yeah, look, there is real risk. Effectively, the sector is deregulating. And on the 1st of July, we had supply deregulate. You know, there are no licenses now for beds. Price is partially deregulating. So, we're getting a deregulation of the sector.



You need the bandwidth to understand the changes to legislation that are coming through. And a single person on their own cannot cover off on all of the changes. So, you need a team. You need scale in order to understand what's going on and manage it. Finances as well. I mean, if we really do look at it, the pricing has been difficult. There are no new beds being created. Why? Might cost \$500,000 to build a bed. But you might only be receiving the equivalent of \$250,000 in a RAD with the way the funding model works if you're a concessional resident. Standalone facilities, unless they're, you know, getting bequests or other incomes, can't survive. They do need that scale.

[Devon] Yeah, okay. Sometimes consolidation can lead to, like, a loss of autonomy and some of the more unique cultural aspects of a regional aged care facility. Yeah. Can you speak to me a little bit about how Apollo deals with that?

[Stephen] Yeah, well, look, I've sort of mentioned it earlier, but ultimately, an organisation is built around its constitution. And in the constitution, there are objects. Why the organisation is there? And you find that they're unique in every case. So, if you're an organisation that's been around 50 years, you've had specific objects in the constitution that are managed by locals. If a consolidation happens or a merger and acquisition happens, the constitution goes. It's taken out. The bigger organisation adopts the smaller one, and then the smaller one comes in under maybe a board that lives in another state with a different constitution. We keep the constitutions because we keep the original organisation's constitution and objects, and therefore the DNA. Everything that it was built for. And we still manage that. So, each of those boards effectively operates in its own right as an operating company. That's the secret.

[Devon] And to achieve that, you've got a really complex sort of governance model, or sophisticated would be a better word, with sort of three levels with a high-level board and external compliance experts. Why is that critical now, especially in post-reform landscape?



[Stephen] Yes. Look, as I said, we have a new Act. We have all the requirements from, you know, the Charities Commission, ASIC, the ATO, the Aged Care Act. To cover off on all of that, you need a team that are experts in each of those areas. So, for us, we have the only employees inside the approved provider, which is Apollo Care, is our governance team that cover all those facets of, you know, regulation that are required in this country. That's important. You need scale in order to cover off on that. You also need boards at the individual operating company levels that keep that DNA alive. There is the approved provider or registered provider board. We have got the technical expertise and experience at running finance and risk. Running care committees. Running culture and staff. It needs all of that and it needs all of that to meld together. So, we outsource, for example, our company secretary services to experts in the field that provide that overall governance, ensure we're compliant with everything that's required.

[Devon] That's awesome. So how do you keep the governance structure agile enough to support, like, real-time decision-making? Especially across a multi-site network?

[Stephen] Okay. Talking personally here, as the CEO of the approved provider, I sit on every board of every community. And we have our chiefs doing that. But the boards themselves make the decisions at the local level. So, we don't have to... If there's an issue that comes up in a community, we don't have to go to the overarching board to make those decisions because the decisions are made at the local level by the local operating boards. And as I said, because we're in the cloud, all of our systems are SAS-based, cloud-based systems, the data and information is there at site with the RSMs. So, they can make the decisions based on the advice or the insights from the Operational Insights Suite. It's feeding our RSMs with information about what it should do to tweak its KPIs. And then, if a board does have to make a decision, we've just got the local boards. So, we don't have to go off to a head office. So having this



combination of information, virtual systems, local boards means we can be extremely agile.

[Devon] Okay. So, you're empowering that local level provider to make both sort of compliance decisions. As well as more financial-backed decisions in terms of making that particular facility sustainable. You manage that using KPIs and scorecards. Can you talk to me a little bit about what those are?

[Stephen] Okay. We'll go back to the 101 of business. It's all-around balanced scorecard. You need to have all the perspectives in play. You need to understand what your customer wants. You need to understand what systems and processes you need to make those decisions, the correct decisions. You need staff. Staff is what it's all about. We're a service provision industry. Making certain the staff and staff culture is correct is vitally important for me. In fact, I think it's the most important. You know, Richard Branson talks about what's the most important ingredient in an organisation. He will constantly say it's staff. Because if your staff are not right, your customer doesn't get what they want. So, staff's important. And then finally, finances. So, what we've done is we've built a scorecard based on those four elements of balanced scorecard. But we've taken it from a culture perspective. So, what we've done is we've identified key behaviours against each one of those four paradigms in balanced scorecard. So, for customer, we put the resident first. For systems and processes, it's quality and safety in everything we do. For staff, it's work together, achieve together. And for finances, it's use resources wisely. And what we do is we expect everyone in the organisation to deliver on those four behaviours. Now, how we do that is they need to demonstrate certain KPIs. So, we have a suite of KPIs tagged to each one of those behaviours. And what the Operational Insights Suite does is it pulls all of those KPIs under those four behaviours together in one spot. And you begin to watch the dynamics of them. So ultimately... And we'll have Richard Rosewarne in a moment talk about Max AI. This is the real pure genius. It's taking those KPIs and watching the interaction and the effects that they have on each



other. And if you've got AI that's able to analyse that, it can provide great insight and advice to the RSMs on how to tweak those KPIs.

[Devon] You've spoken a little bit about there, Richard Branson saying that people are the most important asset to the organisation. And you've spoken a little bit about culture there as well. I've heard you say the lens of culture that you've created and how you detect sort of early behavioural shifts as sort of like early warning signs. Can you talk to me a little bit about that?

[Stephen] Okay, yes. Now we're getting into the real nitty gritty of how this operates. We have an age right suite that consists of three elements. Work right, which looks at the behaviours of our staff and whether or not they're delivering on that and whether or not they're delivering through consumption. Are they consuming the information that we're feeding our staff, which over a period of time normalises and changes behaviours. We've got lead right, which measures the wisdom of our leadership. So, it's not your conventional leadership model. It's are they making wise decisions in the best interest of the organisation and not necessarily themselves. And care right, which looks at the psychological, emotional and spiritual wellbeing of our residents. The other three quarters of a human being, not the clinical bit. So, what we've created is psychology on a SAS system. So basically, it's like having a psychologist in your pocket. We have information that is continuously feeding our staff through a SAS system so they can get on, on time, any time they like. I prefer it during work hours, but some people do it on the weekends themselves. And what it does is, we then track things like wellbeing and everything. But once again, it's IT, SAS systems and psychology coming together. So, it's not traditional HR. So, it's a whole new facet and it is working. We're seeing huge consumption and engagement rates. Most of our sites are plus 75%. Many of our sites are greater than 90%. Now I know of HR organisations, that are clapping their hands and kicking their heels if they're getting an engagement rate of 30% on a survey. It's not a once off every year or every six months. This is online, real time, always engaging.



[Devon] Amazing. You've spoken a lot about Apollo Care's innovation in terms of software with OIS and Max AI and also this stuff around culture. Have you ever come across surprising data that surprised you or has it been different to what you thought it would be on the ground by using these systems?

[Stephen] That's a really good question. I think everyone would like the answer to be, yeah, we discovered something that was so unique, and it surprised us all. I've been in this game for 20 odd years. Barry Ashcroft, he's been in the game for 30 odd years. Our exec have been in there for decades as a whole. Gut feel is really important and having systems and all that data has got to marry to gut feel. We know what are the levers to pull in aged care to make it work because it is very much a regulated sector. So no, there hasn't been anything super surprising. What has been a real discipline is understanding what are the KPIs you need to manage, and people will say you need to manage EBITDA. No, you don't. You need to manage the components that deliver the lag indicator which is EBITDA. So, for example, you might not necessarily have a CFO talking to site managers about budget. That might be surprising to people but that's not what we do. We don't have finance driving RSMs or site managers against budget. Budgets are a moving thing. I bet everyone got their budgets wrong in 2020 because they never had a budget that factored in COVID. Everything changed. Budgets can be dangerous if you're managing to a budget. You've got to manage to the KPIs. So no, for me, we know what the fundamental KPIs are in order to drive good business. It's a matter of tweaking them. It's building up the knowledge base and the experience of our RSMs to understand how to play with the KPIs.

[Devon] So obviously what gets measured gets improved. And OIS is measuring multiple different data sources. Can you talk to us about what sort of data are we ingesting and then how can we use that data to then improve those KPIs on the ground?



[Stephen] Gee, I could rattle off all 13 KPIs but I won't. But, you know, in the one about putting residents first, that one there, we have this work right which measures the culture of our staff, whether they're demonstrating the behaviours and consuming the data, lead right and care right, the psychological, emotional, spiritual wellbeing and what the residents believe that are they being, you know, are their lives being filled with that. In finance, if we go to the other end and that other paradigm, we're looking at things like direct costs. We're looking at occupancy. We're looking at agency. We're looking at the number of days or the time it takes to submit Medicare claims. There's about seven things there that we look at. So, there is a range and we're increasing that range now. In workforce, we're looking at retention figures. That's something that we are trying to understand. And then once again, it's the correlation. What effect does occupancy have? Or what effect does culture have against the other KPIs in order to either lift or decrease that EBITDA? So that's where we're going next. It's we've identified the KPIs. We've got the information sitting in the Operational Insights Suite. We're now beginning to expand those KPIs. But the real and pure magic here is transparency. It doesn't stay with the RSM or the virtual head office, you know, with the execs, with Barry and myself having a look at those numbers. We'd like for our RSMs to see how every site is going. So, there is comparison and transparency. But each of our RSMs also provides the information, the portal, the data to all their staff. So, I'll often go onto a workforce committee there and I'll actually hear the gardener talking about all maintenance, talking about their contribution to EBITDA. That is a level of maturity that you don't see. I have got staff now beginning to speak the KPIs and that's mind blowing. You know you've reached a level of maturity when the staff have exposure to the KPIs, and they can therefore begin to understand what is making the business a success or not.

[Devon] During the last sort of five to ten years, the aged care sector has seen some pretty wild changes with COVID coming in. Like you said, you can't really plan for that. So those sorts of things can't be surprising. What would be really interesting to me is



to understand with the first of November coming and the new standards coming about, has that changed the type of data that we are analysing or how we analyse that data?

[Stephen] No, not yet. And of course, it could change once we go into the new era. But if you look at it, we have got this, we affectionately call it the wheel of fortune. We are looking at all the different components that are required with the new Act and there are 22 discrete things. The strength and standards is, one, you have code of conduct, you have all these different things that are going on. You have got RN care minutes. Managing all of that might change the relative importance of some of the KPIs, but the basic dynamics are there. It's supply, it's demand, and it's managing to tight budgets. The Commonwealth obviously allocates money through ANAC for a reason. It's not there to make profit, it's there to provide care. And we are matching that, we are matching the care to the minutes required for a resident. So, it's tight. So, I can't see it changing too much.

[Devon] And this might be quite a broad question, but I think it's a really interesting one for our listeners. So, we have spoken about empowering RSMs on the ground level to make those decisions and make decisions that affect the sustainability and the growth of the business as a whole. For an RSM that's listening to this that isn't engaged with Apollo Care, what advice would you give that person?

[Stephen] Gee, so we're talking to site managers out there that are not part of a larger group. They're on their own and they're in regional Australia. What advice would I give? Try and absorb as much information as possible and talk to them. And I know that's really hard, but all of our RSMs talk with each other. We bring them all together monthly and go through all of the KPIs in our Workforce and Performance Steering Committee. They have the chance to bounce off each other to understand if there's a problem, how others have resolved it. So that's one thing. Increase your network, because if you're going to remain on your own, you're going to have to bounce off someone. Because as I said, we're currently analysing 22 unique



requirements that are coming in 1 November. And we're nearly there. Against the 22, if I ask our Chief of Governance, are we 100% there ready for 1 November, seeing as it's September now? The answer is no, we're not, Stephen. We're at about 90% now. And then you break each of those 22 things up. Some we've hit it; others we haven't hit it yet. I don't know how a site manager on their own, in the bush, can cover the depth and breadth of all the changes. So, if you're not going to come into an alliance, form your own virtual one and try and get together with others so that you have some comprehension of the length, depth and breadth of the changes that are coming.

[Devon] Well, thank you very much, Stephen. It's been an absolute pleasure.

[Stephen] No worries.

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